October 2014

NWFSC Annual Guidance Memorandum for Fiscal Year (FY) 15

Purpose

The 2013 NWFSC Strategic Science Plan describes our vision, research themes, and foci for the next three to five years. This Annual Guidance Memo (AGM) outlines our planned actions in Fiscal Year (FY) 15 to implement our strategic plan within the constraints of an uncertain budget. We will use scientific merit and management need as the primary factors in prioritizing our future activities. We will also follow congressional and agency direction as defined by the level of funding in specific budget lines; it is our responsibility to allocate the funding we receive in a way that meets the nation's and region's highest scientific needs to manage trust resources under the stewardship of NOAA Fisheries. This AGM outlines how we will accomplish this in FY15.

> "NOAA is a science-based services agency. We are nothing without great science…."
>
> -Dr. Kathy Sullivan NOAA Administrator, FY 15 AGM

Agency and Regional Context

NOAA Fisheries is developing the FY15 Annual Priorities document and will continue to emphasize our core mandates to sustain the Nation's marine fisheries and to conserve and recover protected species. All other activities and programs serve to support these two core responsibilities. The priorities of the agency and regional context guide the selection of our priorities. As in other regions, there is keen interest in developing electronic reporting and electronic monitoring to supplement existing observer programs in west coast catch share programs. Our regional constituents are also concerned about the impacts of ocean acidification on shellfish and fish, the severe impacts of the drought in California on salmon, poor early survival of salmon in Puget Sound, declining population of the Southern Resident killer whales, and the status of forage fish like Pacific herring.

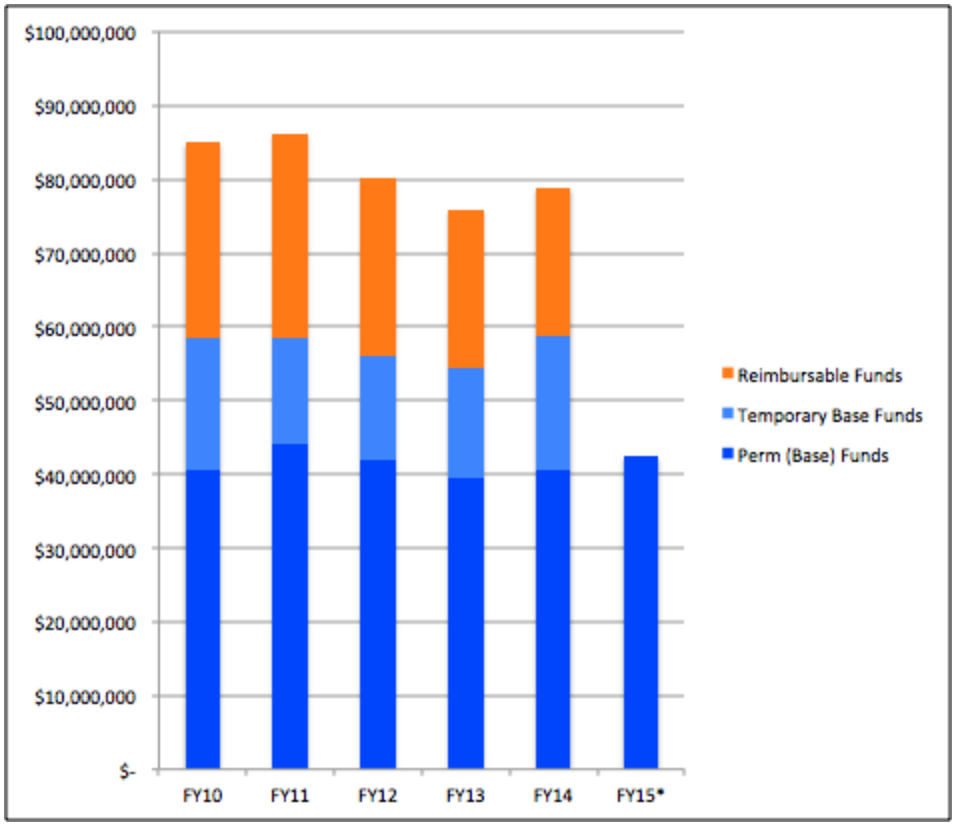
Programmatically our ongoing scientific program reviews and peer reviews of our surveys and of groundfish stock assessments also influence selection of annual priorities for the NW Center. This year we completed a review of science supporting the Magnuson Stevens Act with a positive review of the groundfish stock assessment process and will have a set of recommendations in response to the review by late September. We also conducted an independent review through the Center for Independent Experts (CIE) of the joint hake/sardine coast-wide survey. The CIE review provided a rich set of recommendations to enhance this survey; including analytical studies of survey options and at-sea research. We will work with the SWFSC to identify the best survey design for sardine and hake while facilitating implementation of an ecosystem survey.

Budget Outlook – Agency and NWFSC

FY14

The Center's budget in FY14 increased from FY13, restoring some of the reduction in Pacific salmon funding and reallocating existing NOAA Fisheries funds to fill critical gaps in West Coast groundfish funding. The level of reimbursable funds in FY14 was comparable to the previous year.

NWFSC Permanent (Base), Temporary Base, and Reimburseble Funds FY10-FY15



*CR Permanent (Base) allocation (reflects increase in permanent West Coast Groundfish funding)

The funds we are allocated are provided to the Center through specific PPA (Programs, Projects and Activities) categories. The PPAs direct the funds to be used only for the purpose as described by the PPA.

Select NWFSC FY15 Continuing Resolution Allocation

PPA	**FY15 (CR Allocation)**
Salmon	$10,169,645
Fisheries Research and Management	$6,737,999
West Coast Groundfish	$5,829,967
EASA	$5,789,809
Observers	$5,206,842
Product Quality and Safety	$1,435,278
Economics and Social Sciences Research	$1,048,299
Aquaculture	$888,093
SR Killer Whales	$829,533
Habitat	$227,719

Note: Not all PPAs are listed, and this table does not include any temporary funds.

FY15

Our FY15 budget situation is uncertain and will remain so until a final budget is passed by Congress. Nonetheless, an important early step in the appropriation process was the release of the President's budget request in early 2014. This year the request reflects the importance for NOAA Fisheries to continue improving our stock assessment capabilities and to implement electronic reporting and electronic monitoring in managed fisheries. For the West Coast, increases include next generation stock assessments and to further electronic reporting/monitoring in the catch share fisheries. The funding for Pacific salmon and Southern Resident killer whales remains unchanged from FY14 levels.

Congress holds the final decision on NOAA Fisheries budget and at the time of this AGM the House and Senate had not reached a resolution on funding executive agencies for the next fiscal year. There are marked differences between the budgets proposed by the House and Senate for the FY15 budget; therefore, it is prudent to be conservative and anticipate level funding or a 5% reduction from FY14 funding. In late September Congress passed a continuing resolution at enacted FY14 funding levels for the start of FY15; the continuing resolution will be in place until December 2014.

FY15 Priorities

For FY15 we continue to have two categories of priorities – Focus Areas and Core Research Areas. Focus Areas are high priority, medium-scale strategic efforts that look to the future. They are cross-divisional and have been selected based on stated priorities of NOAA and our customers, an assessment of the political landscape in the region, and prime opportunities for growth in the near term. In FY15, we will build on or continue several of the activities initiated in FY14.

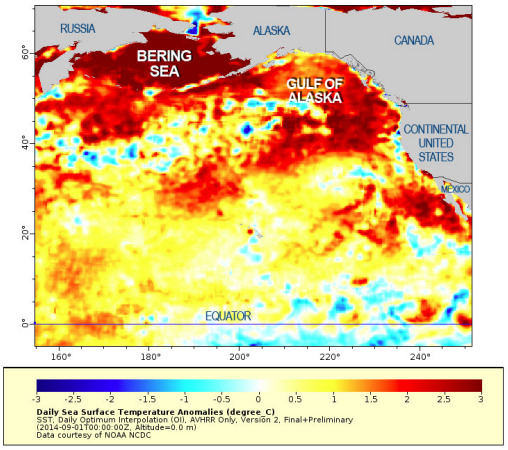
> "We are the nation's Environmental Intelligence agency. We provide timely, actionable and reliable information, grounded in authoritative science that is oriented towards real-world questions confronting families, businesses, communities and nations."
>
> - Dr. Sullivan's FY15 AGM

Core Research Areas are our ongoing activities that we must fund and staff this year to accomplish our core responsibilities under the Magnuson Stevens Act, Endangered Species Act, and Marine Mammal Protection Act.

Focus Areas:

We will devote strategic effort in FY15 to the areas identified below. We will articulate the resources we need to meet future requirements and develop a plan to get there. The FY15 focus areas either require or will benefit from close coordination with the Southwest Fisheries Science Center (SWFSC) to meet the science and management needs of the merged West Coast Region (WCR). In doing so, we will ensure that NWFSC continues to conduct science that is cutting-edge and relevant. These efforts aim to position the NWFSC to compete successfully for research funding from headquarters and external partners.

- ✓ **California Current Ecosystem Monitoring -- Ocean Conditions.** El Niño/Southern Oscillation (ENSO) forecast models are indicating that there is about a 65 % probability for El Niño by fall and persisting through winter 2015. In addition, ocean temperatures in northeast Pacific and in the Gulf of Alaska are now exceptionally warm, and have been for much of the past year. Above normal sea surface temperatures (SSTs) also exist around Baja and extreme Southern California where the warm water has been implicated in several ecosystem impacts. We will coordinate closely with NOAA colleagues on the development and strength of the El Niño as well as monitor the areas of elevated sea surface temperature and exchange information on monitoring activities. If the warm water reaches the shelf there could be significant negative effects for some species, such as salmon, and changes in species



Unusually warm temperatures dominate three areas of the North Pacific in Summer 2014: the Bering Sea, Gulf of Alaska and an area off Southern California. The darker the red, the further above average the sea surface temperature.

distributions are likely. Therefore it will be important to collect as much biological data as is practical, and we will adjust our activities accordingly.

- ✓ **Habitat Science.** Our habitat conservation science capabilities continue to be of high value regionally and nationally for providing exceptional advice on incorporating habitat science into fisheries and protected species management nationwide. We will continue supporting the National Habitat Conservation Team efforts by working with the Office of Habitat Conservation on the National Habitat Call to Action, taking a leadership role in the National Habitat Science Sub-Team, and implementing the NOAA Fisheries Habitat Assessment Improvement Plan. In addition, we will begin an effort to comprehensively evaluate the capacity of freshwater habitats to support salmon populations throughout the Columbia River basin.

- ✓ **West Coast Salmon Recovery**. We will work with the WCR and SWFSC to define coast-wide salmon habitat science needs anchored by needs for the Bay-Delta Conservation Plan and associated ESA consultations and the Federal Columbia River Power System Biological Opinion. In addition, in FY15 we will increase attention on the Puget Sound habitat efforts with more coordination with the NOAA 'Societal Challenge' on Drought and Floods through the NOAA Climate Program Office (CPO). There is keen interest to explore the interactions between drought and floods and habitat restoration. This intersection is strengthened by the fact that the Regional Climate Services Director for the West is now housed at the NWFSC. We will also maintain our habitat work in the Columbia River Basin in partnership with the Bonneville Power Administration's Fish and Wildlife Program.

- ✓ **Marine Forensics and Seafood Safety**. In FY14 the NWFSC was given the responsibility to be the lead for a national marine forensics program. As part of this new responsibility we welcomed staff from the laboratory in Charleston, SC as members of the NWFSC. In FY15 we will complete an agreement with the Office of Law Enforcement to support marine forensics needs of the agency and complete a strategic plan to guide national marine forensics activities to provide exceptional case support and develop new tools and expanded forensic science capacity. In addition, because there are increasing issues on safety of exported seafood, we will develop a cooperative agreement with the Office of Seafood Inspection to ensure that the agency has sufficient scientific capacity to address issues from chemical contaminants, biological toxins, and pathogens.

Core Research Areas:

The following activities are the highest funding priorities for the NWFSC in FY15 and must be properly supported to meet national and regional needs. In some cases accomplishing these activities will require effort to secure needed resources, in others a change in how we do business. Carrying out these responsibilities may include reducing or re-calibrating the level of effort we can devote to an activity given current budget realities and realities that have hindered the effective use of NOAA ship

time. Exclusion from this list does not mean an activity will not be funded, but rather this list includes the highest priorities and is not in rank order.

- ✓ Endeavor to fully staff all high priority west coast surveys for fish and Southern Resident killer whales. We will staff and provide operational funding for NWFSC to use all available NOAA ship time (e.g. hake, Southern Resident killer whales, juvenile rockfish) and high priority charter vessel based surveys (e.g., west coast groundfish survey, juvenile salmon, hook and line survey in the southern California Bight). In addition, we will explore options for expanding the geographic scope of the hook and line survey.
- ✓ The California Current ecosystem and associated waters are showing chemical and biological signs of ocean acidification. At the close of FY14 we completed our proposal to the national program for the next three years of funding. In FY15 we will further build and strengthen our partnership with OAR's Pacific Marine Environmental Laboratory ocean acidification science and the NOAA's National Ocean Acidification Program, move the exposure facilities from the Montlake Laboratory to the Mukilteo Research Station, and maintain a strong partnership with the University of Washington Ocean Acidification Center.
- ✓ Work cooperatively with the National Aquaculture Program to secure research funding for FY15 projects, including expanding shellfish research as part of the National Shellfish Initiative, developing monitoring and prediction capabilities to improve seafood safety, further develop marine species (such as sablefish) for aquaculture, working cooperatively with academia and industry to improve sablefish production, provide the science to inform finalizing the Fishery Management Plan for Regulating Offshore Marine Aquaculture in the Gulf of Mexico (Gulf Aquaculture Plan).
- ✓ Work jointly with the NOAA Fisheries Science Board, Office of Protected Resources, and WCR to maintain a national capacity in ecotoxicology and ecological chemistry to meet high priorities across the agency and to ensure that there will be sufficient capacity to respond to future environmental disasters (e.g., potential oil spill in the high arctic).
- ✓ Support the Pacific Fisheries Management Council (PFMC) by delivering stock assessments identified to meet the needs for setting the 2016/2017 harvest specifications, conducting stock assessment improvement studies, and continuing economic data collection for the catch share program.
- ✓ Conduct observer monitoring to address biological data needs and to develop a comprehensive monitoring program that maintains biological sampling requirements.
- ✓ Participate in regional and national efforts to implement electronic reporting (ER) and electronic monitoring (EM) for augmenting fishery monitoring. An ER/EM program that maintains biological sampling requirements is under development through the PFMC. We will continue to work cooperatively with the WCR and Pacific States Marine Fisheries Commission in support of the Council initiative.
- ✓ Build on last years Integrated Ecosystem Assessment (IEA) and work with the PFMC to further refine the set of tools in the IEA toolbox to effectively implement the Council's Fishery Ecosystem Plan.
- ✓ Provide biological, social, and economic science to support the recovery of listed species, including Pacific salmon, Southern Resident killer whales, Puget Sound rockfish, green

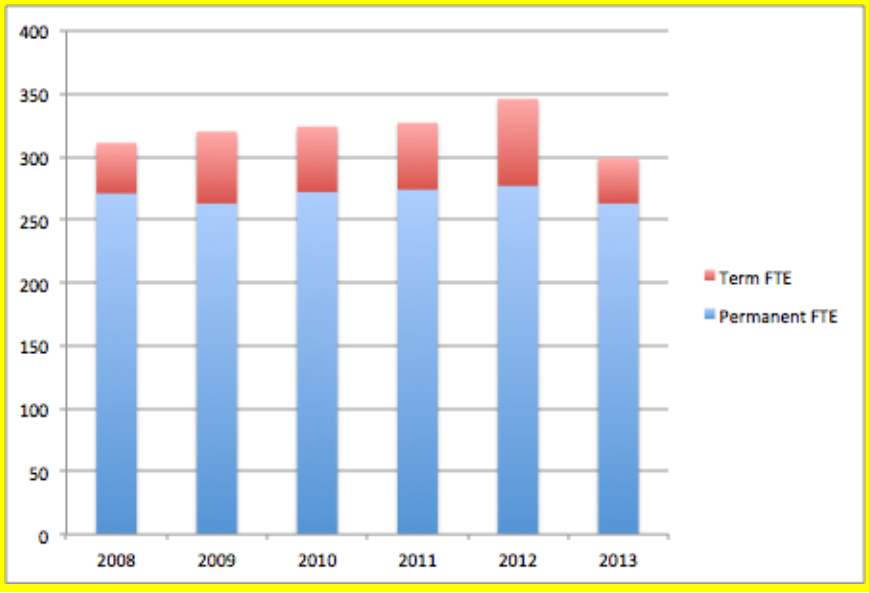
sturgeon, and Pacific eulachon. A specific priority will be providing an updated review of viability for these listed species to support the West Coast Region's 5-year ESA status review for listed Pacific salmon.

✓ Fulfill our commitments to provide scientific support to important Biological Opinions concerning federally listed salmon populations, including but not limited to the Federal Columbia River Power System and Willamette River Biological Opinions and the Central Valley Biological Opinion in coordination with the SWFSC.

Aligning Our Workforce and Our Research Priorities

The NOAA hiring freeze that was in place in FY14 has been lifted, but all new hiring actions must be approved by the NOAA Fisheries Deputy Assistant Administrator. For the NWFSC, the decline in budget in FY12 and FY13, very modest adjustments in FY14, and the prospect of flat budget in FY15 means that we will need to continue strict control of labor costs to have the necessary level of operational funds to execute our research activities. The budget cuts and annual 4 – 5% increase in salary costs due to the Commerce Alternative Personnel System (CAPS) and the impact of non-labor cost inflation has meant that the NWFSC has had to drop 47 full time equivalent (FTE) positions (14 % decline) since peak staffing in FY12.

NWFSC FTE Positions (2008-2013)



NOAA Fisheries overall has also reduced the workforce in recent years, but at rate less than (10%) the rate for the NWFSC. In FY15 we will hold labor costs for permanent staff constant. This means that we will not be able to replace staff at the same rate as attrition and we will need to address the increase in labor costs from CAPS.

Given this budget reality we will use the following strategies to manage our workforce and align our human capital to meet mission and core research activities:

- ✓ We will continue to fill labor shortfalls primarily through non-competitive reassignments wherever possible. Only mission critical hires will be filled by candidates external to the Center and will require NOAA Fisheries headquarters approval. The implementation of our science plan and corresponding workforce management plan (under development) will be the basis to provide context and incentive for workforce realignment.
- ✓ We will strive for no net increase in labor costs for permanent staff during FY15.
- ✓ Update and adjust divisional organizational charts to reflect the new budget reality and accompanying change in mission scope and that are responsive to the current need for sustained level permanent labor cost ceiling. The planning horizon will be FY17.
- ✓ Continue efforts to improve or replace facilities to provide staff with the infrastructure needed to carry out state-of-the-art science.
- ✓ Update our Human Capital Investment Plan in response to staff morale concerns identified in the recent agency-wide survey and revitalize the Human Resource Management Team.

Annual Science Plan Implementation Process – The Future

We will position the Center to be forward-looking and take an approach to science and research activities that meets regional and national needs, maintains necessary infrastructure and support services, and aligns our workforce capabilities with core and high priority mission areas. Our implementation process is evolving and will mature over the next few years. The goal is to conduct programmatic planning that is more transparent to staff, agency leadership, and constituents. The planning process will be effective if we can clearly track and explain how we arrived at our priorities for projects that fall within the broader priorities described in this AGM.

Over the last two years we have worked hard to establish a foundation for future strategic planning and implementation. We have designed and populated the Project Database and have worked to adapt it as a tool to assess research activities across the Center and initiate research prioritization. We developed detailed Project Plans that include activities, timelines, budget, staffing and products. However, for various reasons there has been an uneven pace to our implementation plan process and only limited progress in FY14. Working with the Division Directors and the Research Council, we will continue to make the following improvements to the process in FY15:

- ✓ Enhance the utility of the Project Database by improving connections between staff, budgets, and Project Plans, and generating better information about future staffing needs and training.
- ✓ Track implementation of recommendations from the FY13 and FY14 fishery stock assessment data and process peer reviews.
- ✓ Following increased emphasis on the use of the NOAA Fisheries Electronic Annual Operation Plan (eAOP) system for development of the NOAA Fisheries Annual Implementation Plan, we will begin to incorporate milestones and products from Project Plans into the eAOP system

and institute more formal tracking of milestones with assignment to Divisions at the level of Programs.